

# ECONOMIC AND STATISTICAL ANALYSIS

The United States is widely recognized as the world's economic information leader, due in large part to the timely and accurate data and analyses produced by the Economics and Statistics Administration (ESA). Producing such key economic measures as the gross domestic product (GDP) and the balance of payments, ESA provides vital information that dramatically impacts the decision making of the President and Congress, as well as business leaders, and affects the lives of all Americans.

ESA includes: **ESA Headquarters, the Bureau of Economic Analysis, and the Bureau of the Census.**

**The Bureau of the Census** receives its funding from a separate congressional appropriation; therefore, its budget is not tied to ESA and is discussed in a separate section of this document.

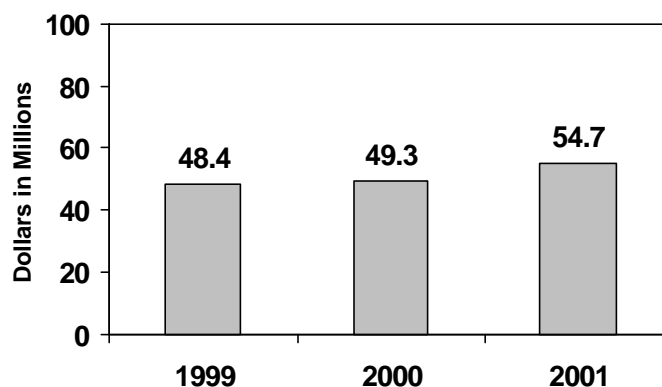
**ESA Headquarters** consists of the Office of the Under Secretary for Economic Affairs, the Policy Support staff, and STAT-USA. The Office of the Under Secretary and the Office of Administration provide management, financial, and administrative services to all ESA agencies. The Policy Support staff provides economic policy analysis and conducts research on such topics as the factors contributing to U.S. industrial strength and the relationship between industry performance and economic growth, including recent major studies on the scope and economic impacts of electronic commerce. STAT-USA provides data dissemination services through an easy-to-use, "one-stop shop" that provides a focal point for business, economic, and trade statistics. STAT-USA operates under a revolving fund account that requires no government funding.

**The Bureau of Economic Analysis (BEA)**, as the Nation's economic accountant, develops measures and systems for collecting and interpreting vast amounts of diverse data from government and private sources to provide a comprehensive, up-to-date picture of U.S. economic activity. BEA's national, regional, and international economic accounts present basic information on such key issues as U.S. economic growth, regional economic development, and the Nation's position in the world economy. Some of the widely-used statistical measures produced by BEA include GDP, personal income and outlays, corporate profits, and the balance of payments.

## ESA's Performance Measures

BEA's program performance is reflected in the quality, timeliness, and relevancy of the economic data it produces.

**ESA Funding**



## Data Quality

BEA has an ongoing strategic plan, developed in concert with its data users, to maintain and improve the quality of GDP and other economic accounts data. BEA continues to make progress on key components of the plan by developing new and improved measures of output and prices; better measures of investment, saving, and wealth; and improved measures of international transactions. The October 1999 comprehensive revision of the national income and product accounts introduced a number of significant improvements, including the treatment of business and government expenditures for software as investment, the inclusion of better estimates of the real value of unpriced banking services, and the incorporation of revised historical price data for consumer spending. However, BEA must address several increasingly critical issues, such as the persistent "statistical discrepancy" between economic growth as measured by the output accounts and as measured by the income accounts, the rapidly expanding role of e-business in the economy, the measurement of output and productivity for financial services and insurance, and the coverage of international trade in volatile and rapidly growing services.

To evaluate the quality of its data, BEA will develop a methodology that produces an overall accuracy score for its major aggregate estimates. The target is a score greater than 85 (on a scale of 100).

## Data Timeliness and Relevancy

Data users depend on BEA to provide them with timely and relevant statistics on U.S. economic activity, and for an increasing number of them, electronic access is the preferred

method of dissemination. In response, BEA has expanded the information available on its Web site and improved its accessibility. News releases, the complete contents of BEA's monthly *Survey of Current Business*, methodologies for the economic accounts, and the BEA *Catalog of Products* are readily available to Internet users. In addition, BEA produces a number of CD-ROMs containing such information as regional economic data, gross product by industry estimates, and the U.S. tangible wealth accounts.

To evaluate its performance in producing statistics in a

timely manner, BEA will measure the percentage of its news releases that are issued on schedule, with a target of 100 percent. To evaluate the relevancy of the data it produces, BEA will conduct a customer survey to assess the level of users' satisfaction with BEA's products and services. The target is a mean customer satisfaction rating greater than 4 (on a 5-point scale).

A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and ESA's budget justification.

## SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

### Funding Levels

<b>Appropriation</b>	<u>1999</u>	<u>2000</u>	<u>2001 Estimate</u>	<u>Increase (Decrease)</u>
Salaries and Expenses	\$48,388	\$49,330	\$54,713	5,383

### **PERMANENT POSITIONS**

Salaries and Expenses	509	509	533	24
Reimbursable	34	34	34	0
Revolving Fund	19	35	35	0
<b>Total</b>	<b>562</b>	<b>578</b>	<b>602</b>	<b>24</b>

# HIGHLIGHTS OF BUDGET CHANGES

## APPROPRIATION: Salaries and Expenses

### *Summary of Requirements*

	Detailed	Summary
	Perm Pos	Amount
	Perm Pos	Amount
<b>2000 Enacted</b>	509	\$49,330
<b>Adjustments to Base</b>		
<b><u>Transfers</u></b>		
Transfer of CAMS to NIST/FARS		(287)
Transfer of GA Security from bureaus		(94)
<b><u>Other Changes</u></b>		
2000 Pay raise	\$404	
2001 Pay raise	943	
Payment to the Working Capital Fund	36	
Within-grade step increases	321	
One less compensable day	(133)	
Civil Service Retirement System (CSRS)	(100)	
Federal Employees' Retirement System (FERS)	125	
Thrift Savings Plan	23	
Federal Insurance Contributions Act (FICA) -OASDI	76	
Health insurance	94	
Employees' Compensation Fund	(1)	
Travel	2	
Rent payments to GSA	101	
Printing and reproduction	5	
Other services:		
Working Capital Fund	25	
Executive Development and Leadership Training	80	
Commerce Administrative Management System (CAMS)	181	
General Pricing Level Adjustments		
Communications, Utilities, & misc.	6	
Other services	59	
Supplies	6	
Equipment	10	
Rental payments to others	1	
Subtotal, other cost changes	0	2,264
<b>Total, Adjustments to Base</b>	0	1,883
<b>2001 Base</b>	509	51,213
Program Changes	24	3,500
<b>2001 APPROPRIATION</b>	533	54,713

## Comparison by Activity

	2000 Currently Avail		2001 Base		2001 Estimate		Increase / Decrease	
	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>
<b>DIRECT OBLIGATIONS</b>								
Bureau of Economic Analysis	451	\$45,284	451	\$45,447	475	\$48,947	24	\$3,500
Policy Support	58	5,746	58	5,766	58	5,766	0	0
<b>TOTAL DIRECT OBLIGATIONS</b>	509	51,030	509	51,213	533	54,713	24	3,500
REIMBURSABLE OBLIGATIONS	34	1,900	34	2,445	34	2,445	0	0
<b>TOTAL OBLIGATIONS</b>	543	52,930	543	53,658	567	57,158	24	3,500
<b>FINANCING</b>								
Unobligated balance, start of year		(1,700)						
Offsetting collections from:								
Federal funds	(28)	(1,520)			(28)	(1,770)		
Non-Federal sources	(6)	(380)			(6)	(675)		
Subtotal, financing	(34)	(3,600)			(34)	(2,445)		
<b>TOTAL BUDGET AUTHORITY</b>	509	49,330			533	54,713		
<b>TOTAL APPROPRIATION</b>	509	49,330			533	54,713		

## Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>Permanent Positions</u>	<u>Amount</u>	<u>Permanent Positions</u>	<u>Amount</u>
<u>Bureau of Economic Analysis</u>	451	\$45,447	+24	+\$3,500

### Incorporating E-Business in BEA's Economic Accounts:

Erosion in BEA funding requests have placed BEA well behind schedule in its multi-year plan to update and improve its economic accounts. While these projects have gone unfunded, the magnitude and scope of the gaps and discrepancies in BEA's statistics have increased, and the cost and effort needed to fix the problems have multiplied. For FY 2001, BEA is requesting funds to take urgently needed steps to fill the gaps and reduce the discrepancies that exist in GDP and the related economic accounts. BEA also would lay the groundwork for capturing and measuring the explosive growth of e-business. BEA will have to address these underlying issues in FY 2001 as a first step in moving into the measurement of e-business (+22 pos.; +\$3,000).

In FY 2001, BEA will develop new GDP computer processing systems that fully incorporate recent improvements in the GDP accounts, such as new measures of computer software, new measures of electronic and other banking services, and expanded chain index information. These improvements will provide the infrastructure needed to account accurately for e-business. In addition, BEA will begin to address gaps in key components of GDP, gross domestic income, quality-adjusted prices, and international trade, improving its ability to measure e-business and alleviating some of the serious problems plaguing the GDP and other economic accounts.

### Enhancing the Security of BEA Data:

Part of the Commerce Department's mission is to safeguard the Nation's economic infrastructure, and a vital element of that commitment is maintaining the security of BEA's economic data. The government is facing increasingly serious threats to its databases from computer "hackers" and other unauthorized intrusions. BEA must implement several new technologies and procedures it has identified as necessary to provide state-of-the-art protection for its database and to maintain public confidence in the integrity of its data (+2 pos.; +\$500).